

Tax Facts

Our service commitment to YOU!

At the Department of Revenue, we are committed to making your interaction with us professional and helpful. We believe in providing prompt responses to your contacts.

To check out specific response times for Revenue's most used services, go to our web site at <http://dor.wa.gov>, click on *About Us* and select the [Our Service Commitment](#) link.



Nearly 54,000 businesses choose E-file in January

Nearly 54,000 businesses chose to file their state business taxes with E-file in January, setting a new record both for the number of users and the amount of taxes they paid. The businesses paid \$434.7 million through the various payment options available through E-file. That is equal to nearly 40 percent of the estimated \$1.1 billion in taxes collected by the Department of Revenue during January.

More than 3,500 of those filers chose a new E-check payment option. E-check currently carries a \$1 service fee, but is more convenient than mailing in a paper check for those filers who don't want to pay through electronic funds transfer or credit card.

INSIDE

| | |
|---|---|
| Tax Workshops | 2 |
| Leasehold Excise Tax | 3 |
| Rule Making | 3 |
| Changes to Interpretive/ Policy Statements | 4 |
| Property Tax Reminder | 4 |
| On the Web | 4 |

Aerospace industry tax incentives

HB 2294 (Second Special Session, chapter 1, Laws of 2003) provides a comprehensive tax incentive program for persons engaged in manufacturing commercial airplanes and manufacturers of component parts of commercial airplanes. Although the bill became effective December 1, 2003, most of the incentives are not available for use until a later date.

Our Special Notice, "[Aerospace Industry Manufacturer Tax Incentives](#)," provides information on the incentives directed toward both manufacturers of commercial airplanes and manufacturers of component parts of commercial airplanes. Additional Special Notices detailing specific portions of the incentive program will be issued later this year.

Special Notices

The following Special Notices are available online at <http://dor.wa.gov>.

[Food and Food Ingredients – Sales Tax Changes](#) provides detailed information on changes in how sales tax is applied to food products. The changes are a result of 2003 legislation (SB 5783) and became effective January 1, 2004.

[Foreign Diplomats Tax Exemption Program](#) was updated and reissued to reflect the policies and procedures for the two current diplomatic tax exemption cards issued by the US Department of State, Office of Foreign Missions.

[Aerospace Industry Manufacturer Tax Incentives](#) is detailed on page one.

[Nonprofit Fund-raising](#) provides basic information about the taxability and specific exemptions for nonprofit fund-raising.



Looking for a tax workshop in your area? Check out our web site! To view the updated schedule, register for a workshop, or for more information, visit our web site at <http://dor.wa.gov> and click on [Contact Us](#). You'll find workshops for:

- New Businesses
- Construction Industry – [Workshop scheduled in Vancouver on April 20, 2004.](#)
- Unclaimed Property
- Food Tax Changes

Once you find the workshop that's right for you, complete our online registration form or call the number listed to sign up.

New Business Outreach Workshops are scheduled throughout 2004 and provide a basic overview of taxes that apply to various business activities in Washington.

| DATE | LOCATION | ADDRESS | TIME |
|---------|--------------|---|--------------------------|
| 4/20/04 | Port Angeles | Port Angeles City Hall Council Chambers, 321 East 5th Street, Port Angeles (To register, please call 360/457-2564) | 9:00-12:00 |
| 4/21/04 | Olympia | Capitol Plaza Building, 1025 Union Ave., SE, Olympia (To register, please call 360/486-2366) | 9:00-11:30 |
| 4/21/04 | Spokane | Dept. of Revenue, 8th floor of Northtown Office Building, 4407 N. Division, Spokane (To register, please call 509/482-3805) | 8:30-11:30; 1:30-4:30 |
| 4/21/04 | Vancouver | Dept. of Revenue Training Room, 8008 NE Fourth Plain Blvd., Suite 340, Vancouver (To register, please call 360/260-6178) | 9:00-12:00 |
| 4/22/04 | Bremerton | The Central Branch, Kitsap Regional Library, 1301 Sylvan Way, Bremerton (To register, please call 1-800-647-7706) | 10:00-12:00 |
| 5/4/04 | Seattle | U.S. Small Business Administration, SBA Business Enterprise Center, 1200 Sixth Ave., Suite 1700 (Corner of 6th and University in downtown Seattle) (To register, please call 206/956-3002) | 10:00-12:00 |
| 5/11/04 | Bellingham | Worksource Office, 101 Prospect Street, Suite 10, Conf. Room, Bellingham (To register, please call 360/738-6111) | 1:00-4:00 |
| 5/12/04 | Tacoma | Lakewood Library, 6300 Wildaire Road SW, Lakewood (To register, please call 253/593-2722) | 1:00-4:00 |
| 5/19/04 | Spokane | Dept. of Revenue, 8th floor of Northtown Office Building, 4407 N. Division, Spokane (To register, please call 509/482-3805) | 8:30-11:30; 1:30-4:30 |

Unclaimed Property (UCP) Reporting Workshops are tailored for three audiences: government agencies, financial institutions, and general businesses. Additional workshop dates and locations are noted on our web site.

| DATE | WORKSHOP | LOCATION | TIME |
|---------|---|--|------------|
| 6/8/04 | UCP Reporting for General Business | Yakima Red Lion, 9 North 9th Street, Yakima | 9:00-12:00 |
| 6/8/04 | UCP Reporting for Financial Institutions | Yakima Red Lion, 9 North 9th Street, Yakima | 1:00-5:00 |
| 6/9/04 | UCP Reporting for Local Governments | Yakima Red Lion, 9 North 9th Street, Yakima | 9:00-11:00 |
| 6/22/04 | UCP Reporting for Financial Institutions | Spokane Community College, Lair Building, Room 06-0202, 1810 Green Street, Spokane | 8:00-12:00 |
| 6/22/04 | UCP Reporting for General Business | Spokane Community College, Lair Building, Room 06-0202, 1810 Green Street, Spokane | 1:15-4:15 |
| 6/23/04 | UCP Reporting for General Business | Spokane Community College, Lair Building, Room 06-0202, 1810 Green Street, Spokane | 9:00-12:00 |
| 6/23/04 | UCP Reporting for Local Governments | Spokane Community College, Lair Building, Room 06-0202, 1810 Green Street, Spokane | 1:00-3:00 |

Leasehold excise tax on use of public property

Persons or businesses that lease or occupy publicly-owned real or personal property are subject to leasehold excise tax. The tax applies in lieu of county property tax. “Publicly-owned real or personal property” is property owned by the federal government, state of Washington, counties, school districts, or other municipal corporations.

The amount subject to the leasehold excise tax (taxable amount) is generally the amount of rent paid to the public entity for use of the property. Certain “leasehold improvements” and expenses paid by the lessee are also taxable.

Usually, the tax is collected from the lessee and remitted to the Department by the lessor. However, lessees of federal land must report the leasehold excise tax directly to the Department of Revenue by completing and remitting the *Annual Leasehold Excise Tax Return Federal Permit or Lease*. For more information on leasehold excise tax, contact Ms. Kathy Forsberg at (360) 586-5190.



Rule Making

The following is a recap of recent rule adoptions and repeals by the Department of Revenue. For more information regarding how these rules may affect you, contact us online at <http://dor.wa.gov> or call our Telephone Information Center at 1-800-647-7706.

Additional information regarding the Department’s rule making, including rule making currently in progress, is available on our web site at <http://dor.wa.gov>. Inquiries about a possible, proposed, or adopted rule may be directed to Alan R. Lynn, designated Rules Coordinator, at (360) 570-6125 or alanl@dor.wa.gov.

Pursuant to RCW 34.05.330, a taxpayer has the right to petition the Department of Revenue to adopt, amend, or repeal any administrative rule. You may file a petition regarding any of the rules below or any other rule of the Department. You may obtain a copy of the petition form by downloading it from the Internet at <http://www.ofm.wa.gov/reports/petition.pdf> or by calling our Telephone Information Center. The petition process is governed by rules adopted by the Office of Financial Management (see chapter 82-05 WAC).

Excise tax rules (WACs) adopted or amended:

- 458-20-135** **Extracting natural products** – *effective January 18, 2004*. This rule explains the business and occupation (B&O), retail sales, and use tax reporting responsibilities of extractors and extractors for hire. WAC 458-20-135 provides guidance to determine when an extracting activity ends and a manufacturing activity begins. The rule was amended to incorporate provisions of chapter 188, Laws of 2001 that, in part, changed the definition of “extractor” to specifically recognize and exclude “farmers” as defined in RCW 82.04.213.
- 458-20-24001** **Sales and use tax deferral – Manufacturing and research/development activities in distressed areas – Applications filed after July 31, 1999** – *effective January 18, 2004*.
- 458-20-24001A** **Sales and use tax deferral – Manufacturing and research/development activities in distressed areas – Applications filed prior to August 1, 1999** – *effective January 18, 2004*. WACs 458-20-24001 and 24001A explain the sales and use tax deferral program for manufacturers and research and development facilities in distressed areas as provided by chapter 82.60 RCW. The rules provide definitions, guidance on using the deferral certificate, and recordkeeping requirements.
- 458-20-244** **Food and food ingredients** – *effective January 1, 2004*. The revised WAC 458-20-244 provides guidance on the new food definitions and their tax implications as set forth in the national Streamlined Sales and Use Tax Agreement (chapter 168, Laws of 2003) that was adopted by the 2003 Legislature.

Forest tax rules (WACs) adopted or amended:

- 458-40-540** **Forest land values – 2004** – *effective January 1, 2004*. The revised rule adjusts the table of forest land values in Washington that is used by county assessors for 2004 property tax purposes.
- 458-40-660** **Timber excise tax – Stumpage value tables** – *effective January 1, 2004, and July 1, 2004*. This rule is revised twice a year to provide the stumpage values used by timber harvesters to calculate the timber excise tax. It provides stumpage values for use during the first and second halves of 2004.

continued on page 4 . . .

458-40-680 **Timber excise tax – Volume harvested – Approved scaling and grading methods – Sample scaling – Conversions** – effective December 6, 2003. The amended rule provides log scaling and grading methods harvesters may use to determine timber harvest volumes. It identifies when the Department will approve sample scaling for tax reporting, notes that a harvester may rely on a purchaser's approved sample scaling method, and provides guidance on conversion method issues.

Property tax rules (WACs) adopted or amended:

- 458-12-060** **Listing of personal property** – effective January 17, 2004. The revised rule incorporates changes to personal property tax statutes and provides consolidated information on listing personal property for ad valorem property tax previously included in WACs 458-12-060 through 458-12-080.
- 458-18-220** **Refunds – Rate of interest** – effective December 21, 2003. WAC 458-18-220 provides the interest rate to be included when property taxes paid in 2003 are refunded in subsequent years.
- 458-30-262** **Agricultural land valuation – Interest rate – Property tax component** – effective December 21, 2003. The amended rule provides county assessors with the rate of interest and property tax component used in valuing farm and agricultural land classified under chapter 84.34 RCW during assessment 2004.
- 458-30-590** **Rate of inflation – Publication – Interest rate – Calculation** – effective January 2, 2004. The amended rule provides the rate of inflation used by county officials to calculate interest on deferred special benefit assessments when farm and agricultural or timber land is removed or withdrawn from chapter 84.34 RCW.

Property tax rules (WACs) cancelled:

- 458-12-065** **Listing personal property – Form and notice**
- 458-12-070** **Listing of property – When due – Late filing**
- 458-12-075** **Personalty – Filing by corporations, partnerships, firms, and agents**
- 458-12-080** **Listing of personalty – Manufacturers**

All repealed effective January 17, 2004. Refer to the explanation of WAC 458-12-060 above.

Changes to Interpretive/Policy Statements

The Department issues interpretive and policy statements, such as Excise Tax Advisories (ETAs) and Property Tax Advisories (PTAs), to explain how tax applies to a specific set of facts or to address specific issues. These statements are issued or cancelled periodically based primarily on changes in the tax law. Statements that are cancelled can no longer be relied upon for tax application.

Property tax advisories (PTAs) cancelled:

- 91-4** **Notice of value change** – cancelled effective November 14, 2003.
- 91-18** **Revaluation notice** – cancelled effective November 14, 2003.

On the Web



<http://dor.wa.gov>

New Electronic Feedback form

The Department of Revenue is committed to providing excellent customer service. We have always welcomed your feedback by phone and mail. Now you can send us your compliments and complaints electronically using our new feedback form. Just visit <http://dor.wa.gov>, click on *Contact Us* and [Feedback Form](#) in the menu on the right.

Using this form ensures your compliment or complaint will be routed quickly to the appropriate person. You can request a response and someone will get back to you within five business days.

Property tax reminder

Don't forget that April 30, 2004, is the due date for paying your real and personal property taxes. This is also the due date for filing personal property listing forms.

If you have questions about paying your property taxes, contact your county treasurer's office. For questions about the valuation of property or filing a personal property listing form, contact your county assessor's office. Telephone numbers for both offices are listed in your phone book in the county government section.

Telephone Information Center

1-800-647-7706

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.

